BRIEFING

Determinants of Migration to the UK
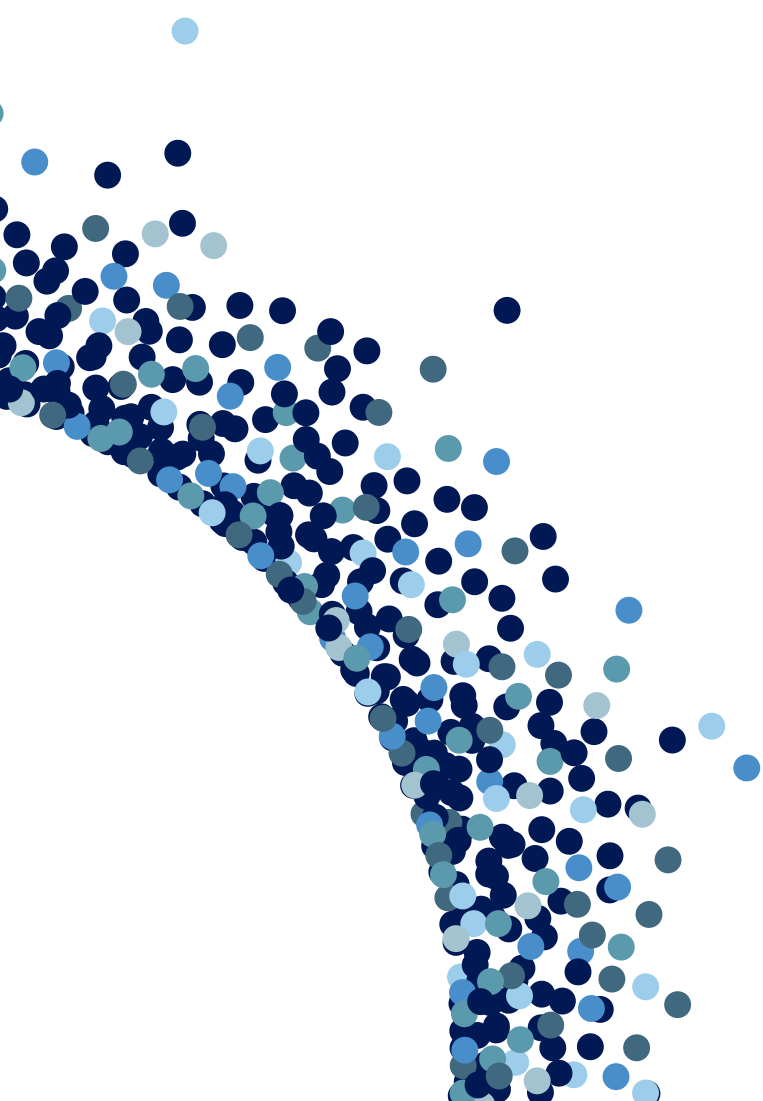
AUTHOR: DR MATHIAS CZAIKA
DR HEIN DE HAAS

www.migrationobservatory.ox.ac.uk

This briefing reviews the available evidence on the main determinants of migration to the UK since the early 1990s. It discusses the role of migration policies in shaping migration flows.

Key Points

Economic and labour market factors have played a major role in explaining fluctuations and trends in UK immigration over the past two decades.

Colonial links and networks remain crucial to understanding the composition of immigration flows and the mechanism of migration systems.

UK immigration policy has had a significant impact on overall migration inflows since the early 1990s. However, immigration flows are not only affected by migration policies, but to a considerable, often even larger extent, also by other public polices such macro-economic, labour market, social welfare, education and/or trade policies.

Understanding the evidence

Since the early 1990s, annual migration to the UK has more than doubled (see Migration Observatory briefings on 'Long-Term International Migration Flows to and from the UK' and 'Migrants in the UK: An Overview'). Although the focus of this briefing is the experience of the UK, the analysis will also use evidence on the determinants of migration to other OECD countries. The main source for figures on immigration flows is the UK Office for National Statistics (ONS), whereas the data on labour market and the economy used in this briefing are provided by the OECD.

It's the economy...

Economic and labour market factors are major determinants of migration to the UK. Empirical evidence shows that wage and income differentials are the most important drivers of international migration, and the UK is no exception to that rule (Hatton 2005, Mitchell and Pain 2003). For people living in poorer countries, migration can be an effective strategy to increase their income and to protect their families from poverty. Empirical evidence also shows that international migration can be an effective strategy to diversify income risks, which may explain why migration happens even in the absence of large economic disparities (Czaika and de Haas 2011b).

Economic growth and a structural demand for migrant labour in high- and low- skilled sectors of the British economy are also significant drivers of immigration (Mitchell and Pain 2003). More generally, the increasing complexity of labour markets and associated occupational specialisation enhance the need for migration to match supply and demand in certain sectors and occupations.

Figure 1 shows annual inflows of migrants to the UK, GDP growth and unemployment rates. Between 1991 and 1997, total immigration fluctuated around levels of 300,000 annually. This period was characterized by relatively high unemployment rates (above 6%), even though GDP growth had picked up from the recession of the early 1990s. After 1994, migration increased as unemployment declined. In 1997, unemployment stabilized at a relatively low level while the economy grew by an annual rate of 2 to 4% for almost ten years. This decade of stable economic progress was also characterized by continuously increasing inflows of migrants.

Figure 1

Immigration, GDP growth and Unemployment rates, 1991–2009
Chart provided by www.migrationobservatory.ox.ac.uk
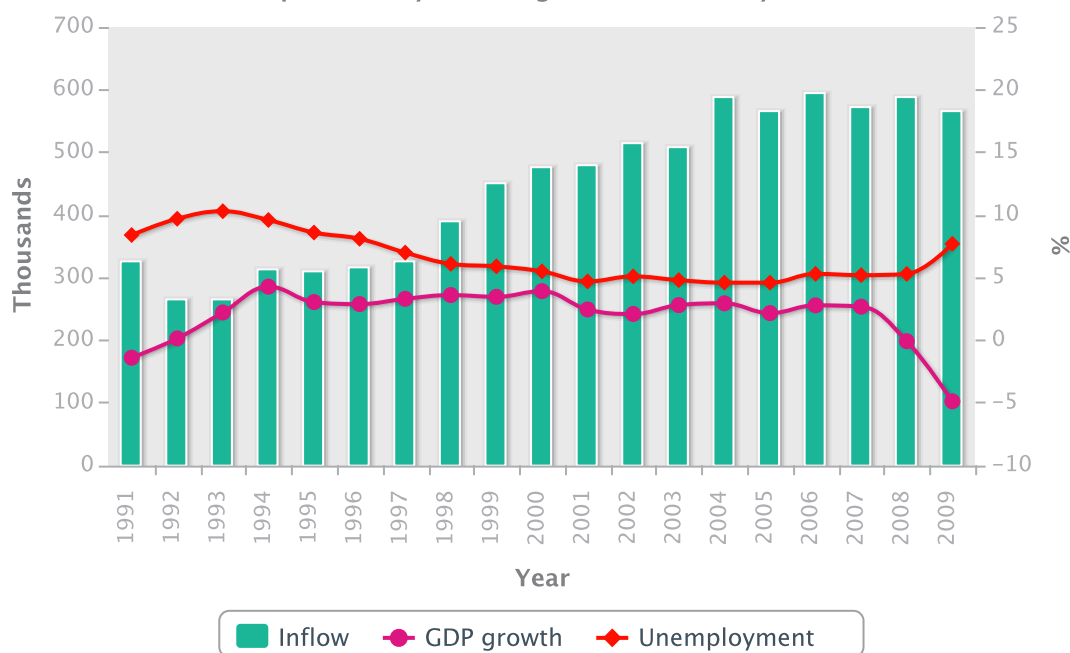
Source: ONS for LTIM and OECD for GPD growth and unemployment

However, this is certainly not the whole story. Economic growth and average income levels alone are not sufficient to explain trends and fluctuations in immigration. It is also necessary to look at the structure and geography of labour markets and supply and demand in specific sectors and areas. For instance, the unavailability of suitable and affordable housing in certain areas (e.g. in remote rural areas where agricultural labour is needed) can help explain the coexistence of unemployment in some areas and sectors and labour shortages in others (see the Observatory policy primer on The Labour Market Effects of Immigration.

In addition, "self-selection processes" caused by income inequalities play a crucial role in influencing the composition of migration flows (Hatton and Williamson 2002). Theory predicts and evidence shows that migrants differ from non-migrants with respect to their personal characteristics, skills, and their labour market performance (Borjas 1987, Chiswick 1999, Chiquiar and Hanson 2005). Such differences can be explained by migrants' skills, education and socio-economic background, which will affect their ability to bear migration costs and to meet criteria set by immigration authorities (Beine et al. 2010).

For the UK, increasing income inequality over the past decades is found to play a major role in attracting high-skilled immigrants (Hatton 2005). Inequality signals high returns to human capital, skills and education, which make the UK an attractive destination for skilled migrants compared to countries with greater income equality, even if the mean national incomes would be similar. Large income inequality also means that UK income levels are relatively low for less skilled migrants.

Colonial links and networks remain important determinants of the origins and composition of migration to the UK

While income and wage levels as well as business cycles partly explain trends and fluctuations in overall immigration levels, the majority of migrants to the UK up to the 1990s tended to come from a limited number of origin countries: either former British colonies or countries located in the geographical proximity of the UK, which particularly applies to Ireland (Hatton 2005). Migration involves considerable financial, social and psychological costs. These costs are much lower if a potential migrant knows family or friends in the UK or has knowledge of and an affinity with the English language and British culture. In the first decades after WWII, colonial ties to a large degree shaped UK immigration. Due to long-established social, cultural and economic ties, citizens of Commonwealth countries have well established networks that facilitate further inflows by lowering costs and risks of migration (Massey et al. 1998).

This explains why UK immigration has long been dominated by migrants coming from poorer Commonwealth countries such as Pakistan, India, Jamaica and other Caribbean states (Hatton and Wheatley Price 1999). Kinship networks and transnational ties among migrant communities tend to facilitate migration. Migration networks lower costs for job search, housing and child care, and it can reduce vulnerability to exploitation and crime. In addition, the presence of immigrant communities can help migrants to cope with personal and cultural stress associated with migration (Massey 1990). Networks are particularly strong and effective if their 'internal composition' is characterized by similarities of language, ethnicity, and social class. There is sound empirical evidence that networks and cultural and historical links have a robust and strong positive effect on migration (Pedersen et al 2008, Mayda 2009).

However, over time migration networks can saturate and lose their internal dynamics. This is primarily true for the older migration systems within the Commonwealth, where network ties have weakened. Since the 1990s, immigration from the "old" Commonwealth (Australia, Canada, New Zealand, South Africa) and from some countries of the EU 15 has been progressively replaced by migration from the "new" Commonwealth countries (primarily India), and since 2004 particularly from the new EU accession countries such as Poland and Lithuania (Blanchflower et al. 2007; also see the Migration Observatory briefing Migration Flows of A8 and other EU Migrants to and from the UK). In the meantime, migrants from these new origin countries have established sizeable communities and networks, which might further facilitate immigration from those countries. However, these shifts in the geographical origins of population inflows are not only caused by the internal dynamics of migration movements, but are also linked to political shifts in immigration regulations such as the Commonwealth Immigrants Act (1962, amended in 1968), the Immigration Act 1971, and the accession of the European Community and its free movement area in 1973, which all made immigration into the UK more restrictive in

general, but primarily for migrants from Commonwealth and non-EC countries. Accordingly, networks alone cannot explain the strong upsurge in net inflows from Eastern Europe after the EU-8 enlargement, which occurred rather unexpectedly (Dustmann et al. 2003). The drastic increase in immigration from Eastern Europe was also the consequence of a political decision. Together with Ireland and Sweden, the UK was in a minority of EU member states that did not impose temporary restrictions on the employment of A8 nationals in the UK. The restrictions of other EU member states diverted at least some East European migration flows to the UK.

The contested effectiveness of immigration policy

Beside economic demand factors as well as colonial and network ties, migration policies also shape immigration flows. The significant increase in legal immigration for work and study in the UK can partly be explained by the introduction of a relatively open work permit system for migrant workers from outside the EU in the early 2000s, by the Government's decision to open the UK labour market to East European workers in May 2004, and by policies to increase the number of foreign students coming to study in the UK.

Evidence for several immigration countries shows that the enactment of more restrictive or expansive immigration policies does have some effect in reducing or increasing a particular immigrant category (Thielemann 2004, Mayda 2010). However, although immigration policy can be an important factor, it is important not to assume that policies are the primary factor in explaining changes in migration flows.

The available evidence from the international literature suggests that although immigration policies do have some effects, the effect of policies seems to be relatively small compared to other economic, social and political determinants of migration (Czaika and De Haas 2011a, Castles 2004). Migration flows are not only affected by migration policies, but to a considerable, often even larger extent also by 'non migration policies' such as macro-economic, labour market, social welfare, education, aid or trade policies (Pedersen et al. 2008, Berthélemy et al. 2009).

For example, during the last two decades, asylum policies have become more restrictive all over Europe (Hatton 2009). Some EU member states have introduced reforms to harmonize their policies with new EU legislation. However, most asylum policy reforms were country-specific responses to political pressures and alleged deficiencies in the existing systems. The effects of these tightened regulations on the eligibility for asylum, and thus lower recognition rates, was an overall drop in numbers of asylum seekers in the late 1990s and early 2000s (Hatton 2004, 2009). Between 2002 and 2006, the estimated effect of these restrictive asylum policies in 19 Western countries was an annual decrease in the total number of asylum applications by around 108,000, with an estimated decline in the number of asylum applications in the UK due to stricter policies of about 24,000 per year. However, asylum policy restrictions were estimated to account for only about a third of the fall in the number UK asylum applications of 74,000 (Hatton 2009). Other reasons for the decline in applications included decreased level of conflicts in origin societies.

The importance of 'non migration policies' is also exemplified by the apparent role played by Britain's overall economic and foreign policy, particularly in relation with its increasing social and economic integration with the EU and the significant effect that the overall process of EU expansion has had on structurally increasing the general level and changing the composition of immigration flows (Blanchflower et al. 2007).

Another reason why immigration policies may not always lead to significant changes in migration flows is that migrants can often opt for 'diversion strategies' (De Haas 2011). For example, in response to more restrictive immigration policies for low-skilled labour migrants, some migrants may have instead chosen to move to the UK through illegal channels or through other legal routes such as the family migration or student route.

Evidence gaps and limitations

The contested effectiveness of immigration policies indicates a limited understanding of the drivers of international migration. This is related to a lack of empirical studies that apply a comprehensive framework including both the forces in the receiving and the sending countries and in between (bilateral linkages). The role and relative weight of immigration policies in influencing immigration flows across the different categories (work, asylum, student, family) is still under-researched. Immigration policies often produce unintended effects because various behavioural responses of migrants, such as the diversion to other legal or illegal categories, are often ignored. Beyond this, overall immigration into the UK is not only determined by UK migration and non-migration policies but also by the immigration policies of some other destination countries which potential migrants might choose as adequate alternatives (mainly EU countries). In addition, to some extent more restrictive immigration regulations in one particular country may divert international migration flows towards countries with less restrictive immigration policies. However, to what extent this happens is still unclear and not yet quantified.

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The Migration Observatory

Based at the Centre on Migration, Policy and Society (COMPAS) at the University of Oxford, the Migration Observatory provides independent, authoritative, evidence-based analysis of data on migration and migrants in the UK, to inform media, public and policy debates, and to generate high quality research on international migration and public policy issues. The Observatory's analysis involves experts from a wide range of disciplines and departments at the University of Oxford.

COMPAS

The Migration Observatory is based at the ESRC Centre on Migration, Policy and Society (COMPAS) at the University of Oxford. The mission of COMPAS is to conduct high quality research in order to develop theory and knowledge, inform policy-making and public debate, and engage users of research within the field of migration.
www.compas.ox.ac.uk

About the authors

Dr Mathias Czaika
Research Officer, IMI
czaika@qeh.ox.ac.uk

Dr Hein de Haas
Senior Research Officer, IMI
hein.dehaas@qeh.ox.ac.uk

Press contact

Rob McNeil
Senior Media Analyst
robert.mcneil@compas.ox.ac.uk
+ 44 (0)1865 274568
+ 44 (0)7500 970081

Recommended citation

Czaika, M. and H. de Haas, "Determinants of Migration to the UK" Migration Observatory Briefing, COMPAS, University of Oxford, UK, July 2011.